

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY AMMAN
AMEMBASSY TEL AVIV

C O N F I D E N T I A L STATE 137357

EXDIS

E.O. 11652: GDS

TAGS:PFOR, US, JO, IS

SUBJECT: JORDAN POTASH PROJECT

I. DURING LUNCH ON JUNE 2, CROWN PRINCE HASSAN RAISED WITH AID DEPUTY ADMINISTRATOR NOOTER AND DEPUTY ASSISTANT SECRETARY VELIOTES QUESTION OF POSSIBLE ACQUISITION BY JORDAN OF ISRAELI KNOW-HOW IN POTASH EXTRACTION FROM DEAD SEA BRINE. HE INDICATED DESIRE, ON THE ONE HAND, TO AVOID REPEATING MISTAKES MADE AND, ON THE OTHER, TO OBTAIN USE OF TECHNOLOGY DEVELOPED BY ISRAELIS DURING OPERATION OF DEAD SEA WORKS WHICH HE UNDERSTOOD ISRAELIS CLAIMED TO BE MORE ADVANCED THAN ELSEWHERE. HE WONDERED WHETHER ISRAELIS WOULD MAKE SUCH TECHNOLOGY AVAILABLE AND WHAT INDUCEMENTS USG MIGHT PROVIDE TO THAT END; HE MENTIONED
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IN THIS CONTEXT A POSSIBLE U-S. CONTRIBUTION TO THE CANAL BETWEEN THE MEDITERRANEAN AND DEAD SEA NOW UNDER STUDY.

2. BACKGROUND.

-A. POSSIBILITY OF SOME FORM OF ISRAELI/JORDANIAN CO-OPERATION IN POTASH EXTRACTION HAS BEEN INFORMALLY MENTIONED

BY LOWER-LEVEL JORDANIANS ON SEVERAL OCCASIONS DURING LAST FIFTEEN MONTHS. THESE INCLUDED ALI KHASAWNEH, THEN GENERAL MANAGER, NOW CHAIRMAN OF ARAB POTASH COMPANY, OWNER OF PROJECTED JORDANIAN POTASH OPERATION;

-B. TO SOME EXTENT, THOSE EXPRESSIONS OF JORDANIAN INTEREST IN COOPERATION WITH ISRAELIS CENTERED ON USING EXISTING ISRAELI MAIN DIKE ALSO FOR JORDANIAN PROJECT AND THUS, IT WAS ASSUMED, SAVING COST OF CONSTRUCTING NEW DIKE. THAT APPROACH WOULD REQUIRE, HOWEVER, CONSTRUCTION OF A CHANNEL TO CONVEY FLOOD WATERS FROM WADI HASAN AROUND EVAPORATION PANS ON JORDANIAN SIDE; NO DETAILED COST COMPARISONS HAVE BEEN MADE BUT, IN VIEW OF APC'S CIVIL WORKS CONSULTANT WITH WHOM WE RECENTLY RAISED QUESTION, SCHEME DOES NOT LOOK TOO PROMISING.

-C. WHEN KHASAWNEH RAISED QUESTION OF COOPERATION, HE WAS CLEARLY MORE INTERESTED IN OBTAINING TECHNICAL DATA ON HARVESTING CARNALLITE AND PROCESSING IT FOR PRODUCTION OF POTASH. (IN THIS CONTEXT, HE HAD SOME CONTACTS WITH STEARNS AND ROGERS, AN AMERICAN ENGINEERING FIRM WHICH PARTICIPATED IN THE DEVELOPMENT OF THE DEAD SEA WORKS. WE HAVE HEARD NOTHING FURTHER ABOUT THOSE CONTACTS FOR ABOUT A YEAR.)

3. COMMENTS.

-A. ALTHOUGH JACOBS ENGINEERING COMPANY, APC'S CONSULTANTS, HAVE, WE UNDERSTAND, RESEARCHED PUBLISHED INFORMATION ON DEAD SEA WORKS IN THE COURSE OF THEIR CURRENT FEASIBILITY CONFIDENTIAL

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STUDY OF JORDANIAN PROJECT, THERE IS PRESUMABLY A GOOD DEAL OF UNPUBLISHED INFORMATION WHICH WOULD BE VERY USEFUL TO JORDANIANS.

-B. SOME CONSULTATION WITH DEAD SEA WORKS ON WIDTH OF CHANNEL BETWEEN EXISTING ISRAELI AND PROJECTED JORDANIAN DIKES TO CONVEY FLOOD FLOWS FROM WADI HASAN WOULD PROBABLY BE DESIRABLE, QUITE APART FROM QUESTION OF JORDANIAN ACQUISITION OF ISRAELI KNOW-HOW.

-C. SINCE DESIGN OF JORDANIAN FACILITIES, BOTH CIVIL WORKS AND PROCESSING PLANT, IS SCHEDULED TO BEGIN SHORTLY, IT WOULD BE DESIRABLE TO INITIATE ANY CONTACTS BETWEEN THE TWO SIDES AS SOON AS POSSIBLE.

4. POSSIBLE APPROACH - WE ASSUME THAT ISRAELIS WOULD VIEW IT AS POLITICALLY ADVANTAGEOUS TO ESTABLISH SOME FORM OF COOPERATION WITH JORDANIANS ON POTASH EXTRACTION. WE DO NOT KNOW WHAT COMMERCIAL PRICE THEY WOULD ASK TO PROVIDE

TECHNOLOGY NOW AVAILABLE TO THEM. WE THINK THIS IS SOMETHING JORDANIANS WOULD NEED TO BE PREPARED TO PAY FOR IF ISRAELIS WOULD ONLY PROVIDE INFO ON COMMERCIAL BASIS. DO NOT THINK IT FEASIBLE TO CONSIDER QUID PRO QUO SUGGESTED BY HASSAN.

5. ASSUMING THAT USG WOULD BE WILLING TO PLAY A "GOOD OFFICES" ROLE SIMILAR TO THAT WE HAVE ASSUMED IN MAQARIN DAM DISCUSSIONS, A POSSIBLE STARTING POINT WOULD BE TO OPEN UP DISCUSSIONS ON TECHNICAL LEVEL. FIRST STEP WOULD BE TO OBTAIN JORDANIAN AGREEMENT TO CONSULT WITH DEAD SEA WORKS INITIALLY ON THEIR DESIRE TO FAMILIARIZE THEMSELVES WITH JORDANIAN PLANS FOR LOCATION OF MAIN DIKE AND OTHER FEATURES OF JORDANIAN PROJECT WHICH MIGHT AFFECT THEIR OPERATIONS. SUCH DISCUSSIONS MIGHT THEN ALSO PROVIDE OPPORTUNITY TO RAISE QUESTION OF TECHNICAL INFO WHICH ISRAELIS HAVE WHICH COULD ASSIST IN DESIGN/OPERATION OF PROJECT. IF A TECHNICALLY AND COMMERCIALY VIABLE PLAN
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FOR COOPERATION COULD BE DEVELOPED, THE MATTER COULD THEN BE RAISED TO THE POLICY LEVEL.

6. WE SOLICIT REACTIONS FROM BOTH POSTS AS TO THE ADVISABILITY OF OUR ASSUMING A "GOOD OFFICES" ROLE WITH RESPECT TO THE POTASH PROJECT; AND, IN ADDITION, AN ASSESSMENT -

-A. BY EMBASSY AMMAN --

---(I) OF THE ADVISABILITY OF ADOPTING THE APPROACH SKETCHED IN PARAGRAPH FOUR, ABOVE OR OF ALTERNATIVE APPROACHES, AND

---(II) OF THE REACTION OF APC'S NON-JORDANIAN STOCK-HOLDERS AND POTENTIAL ARAB LENDERS TO ANY FORM OF COOPERATION WITH THE ISRAELIS;

-B. BY EMBASSY TEL AVIV OF THE LIKELY REACTION OF THE DEAD SEA WORKS AND THE ISRAELI GOVERNMENT TO A USG APPROACH ON COOPERATION WITH THE JORDANIANS ALONG THE LINES DISCUSSED ABOVE. CHRISTOPHER

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